

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: April 14, 2016

Findings Date: April 14, 2016

Project Analyst: Mike McKillip

Team Leader: Fatimah Wilson

Project ID #: G-11124-16

Facility: High Point Regional Health

FID #: 943251

County: Guilford

Applicant: High Point Regional Health

Project: Change of scope for Project I.D. # G-8682-11 (Renovate and expand the existing hospital, including the surgical and cardiology departments)

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Agency shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

The applicant, High Point Regional Health [HPRH] proposes a change in scope to Project I.D. # G-8682-11, which authorized the hospital to renovate and expand the existing hospital, including the surgical and cardiology departments. The original project, Project I.D. # G-8682-11, which was approved on October 28, 2011, was approved for a capital cost of \$56,251,541. In Section VI.4, page 65, the applicant states that the project will now cost \$77,854,109, an increase of \$21,602,568 or %  $[(\$77,854,109/\$56,251,541) - 1 = 0.384$  or 38.4%]. In Section X, page 84, the applicant states that the project will be complete in January 2019. The applicant describes the proposed project as a change of scope that is designed to address several shortcomings of the original design. Specifically, the original design was based on a three-story addition in the rear of the building, over the loading dock area. That design would have resulted in a long-term disruption to the loading dock operations. The proposed design expands

over the emergency department wing of the hospital, which can be accomplished without disruption to the loading dock area. Also, the original design did not enable the consolidation of cardiology services within one location in the hospital, and it proposed the renovation of only six of the hospital's ten operating rooms. The proposed design will accommodate the consolidation of all cardiology services into one area of the hospital, and will include renovation and expansion of all ten of the hospital's operating rooms.

### **Need Determination**

The applicant does not propose to increase the number of licensed beds in any category, add any new health services or acquire equipment for which there is a need determination in the 2016 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations in the 2016 SMFP that are applicable to this review.

### **Policies**

There is one policy in the 2016 SMFP which is applicable to this review: Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities. Policy GEN-4 was applicable to Project I.D. # G-8682-11, and that application was consistent with Policy GEN-4. The applicant proposes no changes in the current application that would affect that determination. Therefore, the application is consistent with Policy GEN-4.

### **Conclusion**

In summary, the applicant was previously approved to renovate and expand the existing hospital, including the surgical and cardiology departments upon project completion. In Project I.D. # G-8682-11, the applicant was conforming to this Criterion. The applicant proposes no changes in the current application that would affect that determination. Therefore, the application is conforming to this criterion.

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant, HPRH, proposes a change in scope to Project I.D. # G-8682-11 (Renovate and expand the existing hospital, including the surgical and cardiology departments). In Section I.12, page 9, the applicant states that HPRH is a not-for-profit corporation, the sole member of which is the University of North Carolina Health Care System. In Section II.1(a), pages 10-19, the applicant describes the project as follows:

*“The proposed project is a change in scope to Project ID # G-8682-11, which was approved October 28, 2011. That project proposed the construction of a three-story vertical expansion over the loading dock at the rear of the hospital building in order to renovate and expand surgical and cardiology services on the third floor of the hospital. In all, the project involved the addition of 33,566 square feet of new construction and the renovation of 51,538 square feet of existing space for total capital cost of \$56,251,541. ... As of the date of submission of this change in scope application, High Point Regional Health has completed the majority of the infrastructure portion of the previously approved project, including construction of the new addition to the central facility plant and new electrical room noted under the First Floor scope above, which resulted in a total of 10,382 square feet of new construction (of the total 11,872 square feet of new construction noted in Section IX.3) as well as the renovation of 10,065 square feet of space, depicted on the proposed first floor line drawings in Exhibit 4....*

*The proposed project involves several changes to the previously approved project. After the CON approval and during the design development of the project, High Point Regional Health engaged in value engineering processes and a complete reevaluation of the original design. As previously noted, the previously approved project involved the construction of new space on the first and second floors of the hospital to allow for the construction of expanded space on the third floor for surgical and cardiology services. The new three-story construction was to be developed over the loading dock at the rear of the hospital building. During the reevaluation of the original designs, concerns were raised regarding the prolonged disruption to the loading dock, which led to a consideration of other options for adding necessary space.*

*After evaluating numerous alternatives, High Point Regional Health determined that the most effective alternative was to construct additional space over the two-story emergency department (i.e., on the third floor) adjacent to the existing operating rooms on the third floor. This design also allows for relocation of the Day Hospital, endoscopy, and bronchoscopy rooms, which are currently located on the third floor of the Heart Center adjacent to the existing operating room suite. This relocation will also enable the consolidation of cardiology services, as explained below. Further, since the submission of the previously approved application, High Point Regional Health has identified a need for HVAC upgrades, which are included in the scope of this proposed project.”*

### **Population to be Served**

On page 44, the 2016 SMFP defines the service area for licensed acute care hospitals as the county where the hospital is located, with the exception of any multicounty planning areas. Thus, in this application, the service area is Guilford County. Hospitals may serve residents of counties not included in their service area.

In Section II.4(b), page 25, the applicant states that it expects its service area “to remain the same as that which was shown in its original application (Project ID # G-8682-11).” Therefore, the applicant has adequately identified the population to be served.

**Analysis of Need**

The following table summarizes the proposed changes in scope by area and service component, as described by the applicant on pages 18-19.

Previously Approved	Proposed
<b>Overall</b>	
Construct three-story vertical expansion over the loading dock at the rear of the hospital building	Construct addition on the third floor over the existing two-story emergency department
Construct 33,566 SF of new space	Construct 28,503 SF of new space
Renovate 51,538 SF of existing space	Renovate 73,918 SF of existing space
<b>First Floor</b>	
Renovate and expand the morgue	NA
Renovate and expand sterile supply department	Renovate only; no new construction
Renovate and expand engineering and central energy plant department	Complete
<b>Second Floor</b>	
Renovate existing offices and staff education	NA
Construct new space for a new mechanical room and future radiology expansion	NA
Expand existing lab space	NA
<b>Third Floor</b>	
Replace/relocate all four cardiac catheterization labs in new construction in main hospital building, on in the hybrid operating room	Replace/relocate three cardiac catheterization labs to renovated space in Heart Center and replace/relocate one cardiac catheterization lab to hybrid operating room in main hospital
Replace/relocate two EP labs to space in the Heart Center	Replace/relocate two EP labs to space in the Heart Center
Acquire replacement equipment for cardiac catheterization lab to be relocated to the hybrid operating room	Acquire replacement equipment for two cardiac catheterization labs, including one to be relocated to the hybrid operating rooms and one to be relocated to the Heart Center
NA	Acquire replacement equipment for both EP labs
NA	Relocate all non-invasive lab functions from the main hospital building to the Heart Center
NA	Relocate Day Hospital, including endoscopy and bronchoscopy rooms from the Heart Center to the main hospital building
NA	Acquire replacement equipment for endoscopy and bronchoscopy rooms
Replace six shared operating rooms, one of which to be developed as a hybrid operating room	Replace all ten shared operating rooms, one of which to be developed as a hybrid operating room
<b>Fourth Floor</b>	
Expand the existing penthouse infrastructure	Expand the existing penthouse infrastructure
<b>HVAC</b>	
NA	Replace existing air handling units

Source: Tables on pages 17-18 of the application.

In Section II.4, pages 21-24, the applicant describes the need that necessitated changes of scope for the program components described above as follows:

*“The overarching need for the proposed project remains the same – to remedy age-related deficiencies and to improve the delivery of cardiology and surgical services provided at High Point Regional Health....*

*With the relocation of the day hospital, including the endoscopy and bronchoscopy rooms from the Heart Center to the main hospital building, High Point Regional Health has the ability through this project to consolidate all cardiology services in one place. As previously discussed, cardiology services are currently fragmented and physically divided on opposite ends of the third floor, some in the Heart Center and some in the main hospital building. ... This consolidation will result in increased efficiencies and work flow as all required resources will be consolidated in one location, which will result in increased patient and staff satisfaction. Following completion of the proposed project, all cardiology patients of High Point Regional Health will be able to come to one place for all of their cardiology needs – a modernized Heart Center with aesthetic upgrades and improved design....*

*The most significant change to the scope of surgical services in this application from the previously approved application is the replacement of all ten (eight shared and two dedicated open heart) operating rooms rather than only six. As discussed previously in the application, the main hospital building was constructed in 1985 and many areas have not been renovated since that time, including the surgical services department. As such, the existing facility has been forced to accommodate multiple services and technological advancements of size and scope not even contemplated at the time the existing facility was designed. ... Developing all ten operating rooms of a size that meets today's standards will allow High Point Regional Health to manage the technologies that have been developed since its existing operating rooms were originally constructed, and also better adapt to future changes and upgrades to current technologies. ... With the proposed project, all ten rooms will be of sufficient size to roll various item of equipment in and out of each room, and from room to room so that any operating room can be used by any physician for a variety of case types at any time. Without this capability, the four operating rooms that would remain severely undersized with the previously approved project would be undesirable and as result underutilized, resulting in inefficient scheduling for patients and surgeons alike.”*

The following table compares the previously approved capital cost and the proposed capital cost in this application, as reported on pages 64-65.

<b>HPRH</b>			
<b>PREVIOUSLY APPROVED AND PROPOSED CAPITAL COSTS</b>			
	<b>Previously Approved Cost</b>	<b>Proposed Cost</b>	<b>Difference</b>
<b>Construction Costs</b>	<b>\$47,035,976</b>	<b>\$55,322,960</b>	<b>\$8,286,984</b>
<b>Miscellaneous Costs</b>			
Fixed Equipment Purchase/Lease	\$6,863,765	\$16,809,955	\$9,946,190
Movable Equipment Purchase/Lease	\$0	\$1,366,030	\$1,366,030
Furniture	\$0	\$738,049	\$738,049
Architect/Engineering Fees	\$2,35,799	\$3,557,115	\$1,205,317
Legal and CON Fees	\$0	\$60,000	\$60,000
<b>Subtotal Miscellaneous Costs</b>	<b>\$9,215,564</b>	<b>\$22,531,149</b>	<b>\$13,315,585</b>
<b>Total Capital Costs</b>	<b>\$56,251,541</b>	<b>\$77,854,109</b>	<b>\$21,602,568</b>

Source: Tables on pages 64-65 of the application.

The applicant is not proposing any new or additional services. Exhibit 16 contains letters from physicians expressing support for the proposed project. The applicant adequately demonstrated the need for the proposed change of scope.

**Access**

In Section IV.2, pages 53-54, the applicant states its commitment to provide services to all patients who need the services regardless of their ability to pay, racial/ethnic origin, age, gender, physical or mental conditions or other conditions that would classify them as underserved. In Section IV.6, page 56, the applicant projects that 68 percent of cardiology patients and 65 percent of surgical patients to be served will be Medicare or Medicaid recipients. The applicant adequately demonstrates the extent to which all residents, including underserved groups, will have access to the proposed services.

**Conclusion**

In the original application, the applicant adequately identified the population to be served, demonstrated the need to renovate and expand the cardiology and surgical departments and the extent to which all residents of the service area, including underserved groups, are likely to have access to its services. In this application, the applicant adequately demonstrates the need for the proposed change of scope. Consequently, the change of scope application is conforming to this criterion.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA

- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

CA

In Section II.5, pages 43-44, the applicant describes the alternatives considered prior to submitting this application for the proposed project, which include:

- Maintain the Status Quo –The applicant state that maintaining the status quo is not an effective alternative because it would not address the need to consolidate cardiology services, the need for appropriately sized, modern operating rooms, or the need to upgrade the hospital’s HVAC system.
- Complete the Approved Project and Seek an Exemption from CON – The applicant states that it considered completing the previously approved project, and then filing a request for an exemption from CON review for the additional main campus renovations proposed in this change of scope application. However, the applicant states this alternative is not practical or cost-effective because it would require the termination of one construction contract and the initiation of another, resulting in stopping and once again starting construction at the hospital.

After considering those alternatives, the applicant states the alternative represented in the application is the most effective alternative to meet the identified need.

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicant adequately demonstrate that the proposal is the least costly or most effective alternative to meet the identified need. Therefore, the application is conforming to this criterion and approved subject to the following conditions.

- 1. High Point Regional Health shall materially comply with all representations made in the certificate of need for Project I.D. # G-8682-11 except as specifically modified by the conditions of approval for this application, Project I.D. # G-11124-15.**
- 2. The total approved capital expenditure for Project I.D. # G-8682-11 and Project I.D. # G-11124-16 combined shall be \$77,854,109.**
- 3. High Point Regional Health shall not acquire, as part of this project, any equipment that is not included in the project’s proposed capital expenditures in Section VII of the application and that would otherwise require a certificate of need.**

- 4. High Point Regional Health System shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representations in the written statement as described in paragraph one of Policy GEN-4.**
  - 5. High Point Regional Health shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

### C

The proposed project is for a change of scope for Project I.D. # G-8682-11. The total capital cost is now expected to be \$77,854,109, an increase of \$21,602,568 [ $\$77,854,109 - \$56,251,541 = \$21,602,568$ ] over the previously approved capital cost. See Section VI.4, pages 64-65.

#### **Availability of Funds**

In Section VI.5, page 65, the applicant states that \$150,000 of the project capital costs will be funded by the accumulated reserves of HPRH and \$21,452,568 will be funded by a transfer from UNC Health Care System, the parent company for HPRH. In Exhibit 11, the applicant provides a copy of a letter dated January 15, 2016, from the Vice President and Chief Financial Officer for HPRH documenting its intention to fund \$150,000 in capital costs for the proposed project. Also, Exhibit 11 contains a copy of a letter dated January 15, 2016 from the Executive Vice President and Chief Financial Officer for UNC Health Care System documenting its intention to transfer \$21,452,568 to HPRH for the proposed project. Exhibit 12 contains a copy of the Combined Financial Statements for HPRH that indicate it had \$5 million in cash and cash equivalents, \$330 million in total assets, and \$243 million in net assets as of June 30, 2015. Exhibit 13 contains a copy of the financial statements for UNC Hospitals at Chapel Hill that indicate it had \$126 million in cash and cash equivalents, \$2 billion in total assets, and \$1.2 billion in net assets as of June 30, 2015. The applicant adequately demonstrates that sufficient funds will be available for the capital needs of the project.

#### **Financial Feasibility**

In the pro forma financial statements for HPRH (Form B), the applicant projects that revenues will exceed operating expenses in the first three operating years of the project, as shown in the table below.



**High Point Regional Health**

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
Total Revenue	\$316,434,779	\$334,842,668	\$354,371,598
Total Expenses	\$302,450,661	\$319,271,351	\$337,096,683
<b>Net Income (Loss)</b>	<b>\$13,984,118</b>	<b>\$15,571,317</b>	<b>\$17,274,915</b>

The original application was determined to be conforming to this criterion with regard to the financial feasibility of the proposed expansion and renovation of the cardiology and surgical services departments at HPRH. In the current application, the applicant does not propose any changes that would affect that determination.

**Conclusion**

In summary, the applicant adequately demonstrates the availability of funds for the increased capital needs of the project. Therefore, the change of scope application is conforming to this criterion.

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

On page 44, the 2016 SMFP defines the service area for licensed acute care hospitals as the county where the hospital is located, with the exception of any multicounty planning areas. Thus, in this application, the service area is Guilford County. Hospitals may serve residents of counties not included in their service area.

In Project I.D. # G-8682-11, the applicant was approved to renovate and expand the hospital's surgical and cardiology departments. In Project I.D. # G-8682-11, the application was conforming to this criterion and no changes are proposed in this application that would affect that determination. Consequently, the change of scope application is conforming to this criterion.

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

In Section V.1, page 57, the applicant proposes an increase of 13.2 FTE positions in the cardiology department in the third year of the project. On page 57, the applicant describes its experience in recruiting and retaining staff. The applicant does not propose any other staffing changes in this application. In Project I.D. # G-8682-11, the application was conforming to this criterion, and the applicant proposes no other changes in the current application that would affect that determination. Consequently, the cost of scope application is conforming to this criterion.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

In Project I.D. # G-8682-11, the application was conforming to this criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the change of scope application is conforming to this criterion.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
  - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
  - (iii) would cost no more than if the services were provided by the HMO; and
  - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

The applicant proposes a change in scope to Project I.D. # G-8682-11 to renovate and expand the hospital’s surgical and cardiology departments. Following the change of scope, the proposed project will include a total of 28,503 square feet of new construction and 73,918 square feet of renovations. Exhibit 8 contains a letter from an architect that estimates construction costs that are consistent with the project capital cost projections provided by the applicants in Section VI.1, page 64 of the application. The additional capital cost associated with this project is \$21,602,568. The discussion regarding analysis of need found in Criterion (3) is incorporated herein by reference. In Exhibit 15, the applicant describes the methods that will be used by the facility to maintain efficient energy operations and contain the costs of utilities. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicant adequately demonstrates that the cost, design and means of construction represent the most reasonable alternative, and that the construction cost will not unduly increase costs and charges for health services. Therefore, the application is conforming to this criterion.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
  - (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section IV.4, page 56, the applicant reports the following payer mix for HPRH’s cardiology and surgical services for FY2015:

**Cardiology Services**

Payer Category	Procedures as Percent of Total
Self Pay	10.6%
Medicare/Medicare Managed Care	57.0%
Medicaid	10.7%
Managed Care / Commercial	20.6%
Other (Workers Compensation/Other government)	1.2%
<b>Total</b>	<b>100.0%</b>

**Surgical Services**

<b>Payer Category</b>	<b>Procedures as Percent of Total</b>
Self Pay	4.1%
Medicare/Medicare Managed Care	49.4%
Medicaid	15.0%
Managed Care / Commercial	29.9%
Other (Workers Compensation/Other government)	1.6%
<b>Total</b>	<b>100.0%</b>

In Project I.D. # G-8682-11, the application was conforming to this criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the change of scope application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

In Project I.D. # G-8682-11, the application was conforming to this criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the change of scope application is conforming to this criterion.

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section IV.4, page 56, the applicant projects the following payer mix for HPRH's cardiology and surgical services for the first three operating years (FY2020-FY2022):

**Cardiology Services**

<b>Payer Category</b>	<b>Procedures as Percent of Total</b>
Self Pay	10.6%
Medicare/Medicare Managed Care	57.0%
Medicaid	10.7%
Managed Care / Commercial	20.6%
Other (Workers Compensation/Other government)	1.2%
<b>Total</b>	<b>100.0%</b>

### Surgical Services

Payer Category	Procedures as Percent of Total
Self Pay	4.1%
Medicare/Medicare Managed Care	49.4%
Medicaid	15.0%
Managed Care / Commercial	29.9%
Other (Workers Compensation/Other government)	1.6%
<b>Total</b>	<b>100.0%</b>

In Project I.D. # G-8682-11, the application was conforming to this criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the change of scope application is conforming to this criterion.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Project I.D. # G-8682-11, the application was conforming to this criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the change of scope application is conforming to this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

In Project I.D. # G-8682-11, the application was conforming to this criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the change of scope application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.  
(16) Repealed effective July 1, 1987.  
(17) Repealed effective July 1, 1987.  
(18) Repealed effective July 1, 1987.  
(18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall

demonstrate that its application is for a service on which competition will not have a favorable impact.

C

On page 44, the 2016 SMFP defines the service area for licensed acute care hospitals as the county where the hospital is located, with the exception of any multicounty planning areas. Thus, in this application, the service area is Guilford County. Hospitals may serve residents of counties not included in their service area.

In Project I.D. # G-8682-11, the application was conforming to this criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the change of scope application is conforming to this criterion.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, one UNC Health Care System facility, Nash Healthcare, is currently out of compliance pursuant with a CMS Condition of Participation following a December 30, 2105 EMTALA survey. No other incidents occurred within the eighteen months immediately preceding submission of the application through the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on any other facility owned and operated by the UNC Health Care System in North Carolina. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at UNC Health Care System facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NA